

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



KEITH A. REGAN  
COMPTROLLER  
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN  
DEPUTY COMPTROLLER  
KA HOPE LUNA HO'OMALU HANA LAULĀ

**STATE OF HAWAII | KA MOKU'ĀINA O HAWAII'**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ**  
P. O. BOX 119, HONOLULU, HAWAII 96810-0119

**Comptroller's Certification**

Mr. Luis P. Salaveria, Director  
Department of Budget and Finance  
State of Hawaii

We have verified the Honolulu Authority for Rapid Transportation's (HART) compliance with Hawaii Revised Statutes (HRS) §46-16.8 (e) for capital costs in invoices submitted to the Comptroller by HART in the accompanying Schedule of Invoices. The management of HART is responsible for HART's compliance with HRS §46-16.8 (e). Our responsibility is to verify that the invoices for capital costs comply with HRS §46-16.8 (e).

As more fully described in Note 2 and Note 3 to the accompanying Schedule of Invoices, our verification procedures involved procedures to obtain evidence about whether the invoices submitted by HART for the capital costs of a locally preferred alternative for a mass transit project comply with HRS §46-16.8 (e). We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

As more fully described in Note 4 to the accompanying Schedule of Invoices, adjustments may be made to reduce the amount of future reimbursements to HART for prior invoices certified by the Comptroller that are found to be in error due to fraud, illegal activities or other violations of laws and regulations.

Our verification procedures do not provide a legal determination of HART's compliance with HRS §46-16.8 (e). Further, as the objective of our procedures were limited to verifying that the costs in invoices submitted by HART complied with a specific law, our procedures have not been designed to detect fraud or other illegal activities.

Based on the results of our verification procedures performed, the invoices for capital costs in the accompanying Schedule of Invoices comply with HRS §46-16.8 (e).

/S/

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Keith A. Regan  
Comptroller

Dated: April 28, 2023

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**Schedule of Invoices**

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Certified Amount</u>
Alexander & Baldwin, Inc.	CT-HRT-19H0081	272456	\$ 271,394.66
Alexander & Baldwin, Inc.	CT-HRT-19H0081	278457	271,394.66
Alexander & Baldwin, Inc.	CT-HRT-19H0081	283474	271,394.66
Alexander & Baldwin, Inc.	CT-HRT-19H0081	281734	278,296.14
Alexander & Baldwin, Inc.	CT-HRT-19H0081	289083	279,536.01
Alexander & Baldwin, Inc.	CT-HRT-19H0081	292913	279,536.01
Alexander & Baldwin, Inc.	CT-HRT-19H0081	37910	279,536.01
Alexander & Baldwin, Inc.	CT-HRT-19H0081	39296	279,536.01
Alexander & Baldwin, Inc.	CT-HRT-19H0081	40985	279,536.01
Alexander & Baldwin, Inc.	CT-HRT-19H0081	42711	279,536.01
Alexander & Baldwin, Inc.	CT-HRT-19H0081	41891	278,296.14
Alexander & Baldwin, Inc.	CT-HRT-19H0081	45103	279,536.01
Alexander & Baldwin, Inc.	CT-HRT-19H0081	46714	279,536.01
Alexander & Baldwin, Inc.	CT-HRT-19H0081	48348	279,536.01
Alexander & Baldwin, Inc.	CT-HRT-19H0081	50176	279,536.01
Alexander & Baldwin, Inc.	CT-HRT-19H0081	51870	279,536.01
Alexander & Baldwin, Inc.	CT-HRT-19H0081	53520	279,536.01
Alexander & Baldwin, Inc.	CT-HRT-19H0081	53916	259,321.55
CH2M Hill, Inc.	SC-HRT-1400027	00244	322,651.65
City & County of Honolulu-Division of Treasury	ICP-HRT-23000645	GOB 2019A, Nov 2022	874,791.67
City & County of Honolulu-Division of Treasury	ICP-HRT-23000645	GOB 2020B, Nov 2022	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-23000645	GOB 2021E, Nov 2022	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-23000646	GOB 2019E, Nov 2022	731,437.50
City & County of Honolulu-Division of Treasury	ICP-HRT-23000737	GOB 2019A, Dec 2022	874,791.67
		Carried forward	<u>\$ 10,301,723.26</u>

The accompanying notes are an integral part of the Schedule of Invoices.

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**Schedule of Invoices**

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Certified Amount</u>
		Carried over	\$ 10,301,723.26
City & County of Honolulu-Division of Treasury	ICP-HRT-23000737	GOB 2020B, Dec 2022	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-23000737	GOB 2021E, Dec 2022	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-23000738	GOB 2019E, Dec 2022	731,437.50
City & County of Honolulu-Division of Treasury	ICP-HRT-23000833	GOB 2019A, Jan 2023	874,791.66
City & County of Honolulu-Division of Treasury	ICP-HRT-23000833	GOB 2020B, Jan 2023	1,139,416.66
City & County of Honolulu-Division of Treasury	ICP-HRT-23000833	GOB 2021E, Jan 2023	1,374,104.16
City & County of Honolulu-Division of Treasury	ICP-HRT-23000834	GOB 2019E, Jan 2023	731,437.50
City & County of Honolulu-Division of Treasury	ICP-HRT-23000959	GOB 2019A, Feb 2023	874,791.66
City & County of Honolulu-Division of Treasury	ICP-HRT-23000959	GOB 2020B, Feb 2023	1,139,416.66
City & County of Honolulu-Division of Treasury	ICP-HRT-23000959	GOB 2021E, Feb 2023	1,374,104.16
City & County of Honolulu-Division of Treasury	ICP-HRT-23000960	GOB 2019E, Feb 2023	731,437.50
Hawaiian Dredging Construction Company, Inc.	CT-HRT-1500236	Ret Rel	2,043,501.85
Hawaiian Dredging Construction Company, Inc.	CT-HRT-1500236	Ret Rel	2,799.00
Hitachi Rail Honolulu JV	CT-HRT-1200106	00115	2,012,969.25
Hitachi Rail Honolulu JV	CT-HRT-1200106	00116	3,296,376.50
Hitachi Rail Honolulu JV	CT-HRT-1200106	00120	3,186,123.36
Hitachi Rail Honolulu JV	CT-HRT-1200106	00121	1,557,568.00
Hitachi Rail Honolulu JV	CT-HRT-1200106	00122	1,220,129.72
Hitachi Rail Honolulu JV	CT-HRT-1200106	00123	2,196,066.08
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00001	282,714.28
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00003	279,977.10
Kiewit Infrastructure West Co. KHG	CT-HRT-11H0195	00093	11,372,988.00
		Carried forward	<u>\$ 49,237,394.70</u>

The accompanying notes are an integral part of the Schedule of Invoices.

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**Schedule of Invoices**

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Certified Amount</u>
		Carried over	\$ 49,237,394.70
Kiewit Infrastructure West Co. KHG	CT-HRT-11H0195	00094	6,274,774.25
Lea+Elliott, Inc.	SC-HRT-1400049	00176	589,298.25
Lea+Elliott, Inc.	SC-HRT-1400049	00179	492,954.24
Lea+Elliott, Inc.	SC-HRT-1400049	00181	668,877.57
Nan, Inc. WOSG	CT-HRT-1500503	RET-01	1,863,361.38
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-4	103,988.61
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-6	192,570.58
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-12	34,214.69
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-13	45,671.71
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-14	19,515.66
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-15	307,464.11
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-23	6,329.14
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 19-14	132,922.33
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00070	3,356,278.24
		Subtotal	<u>\$ 63,325,615.46</u>

The accompanying notes are an integral part of the Schedule of Invoices.

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**Schedule of Invoices**

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Certified Amount</u>
(A) Lea+Elliott, Inc.	SC-HRT-1400049	00180	\$ 7,896.17
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00004	822,388.82
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00007	455,785.62
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00008	544,714.75
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00010	776,537.86
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00011	471,890.35
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00012	635,231.28
(B) Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-17	174,299.14
(C) Hawaiian Dredging Construction Company, Inc.	CT-HRT-1500236	00053	21,061,071.19
(C) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00071	4,135,927.75
(C) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00074	5,575,247.98
(C) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00075	2,916,932.93
(D) Alexander & Baldwin, Inc.	CT-HRT-19H0081	258505	109,180.66
(D) Alexander & Baldwin, Inc.	CT-HRT-19H0081	263140	124,797.66
(D) Alexander & Baldwin, Inc.	CT-HRT-19H0081	268183	235,968.78
		Subtotal	<u>\$ 38,047,870.94</u>
		Total	<u><u>\$ 101,373,486.40</u></u>

See Note 3. Adjustments to Reduce Amounts Reimbursed to HART for items (A), (B), (C) and (D).

The accompanying notes are an integral part of the Schedule of Invoices.

## HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

### Notes to Schedule of Invoices

#### 1. Organization

The Honolulu Authority for Rapid Transportation (HART) is a semi-autonomous government unit of the City and County of Honolulu (City) which came into being pursuant to the Revised Charter of the City and County of Honolulu (RCH). HART is authorized under the RCH to develop, operate, maintain, and expand the City guideway system.

#### 2. Hawaii Revised Statutes §46-16.8 (e) and §40-81.5

Hawaii Revised Statutes (HRS) §46-16.8 (e) provides for the use of surcharge revenues received from the State of Hawaii (State) for capital costs of a locally preferred alternative for a mass transit project provided that revenues derived from the county surcharge of State tax shall not be used:

- 1) To build or repair public roads or highways, bicycle paths, or support public transportation systems already in existence prior to July 12, 2005;
- 2) For operating or maintenance costs of a mass transit project or any purpose not consistent with this subsection; or
- 3) For administrative or operating, marketing, or maintenance costs, including personnel costs, of a rapid transportation authority (Authority) charged with the responsibility for constructing, operating, or maintaining the mass transit project.

HRS §40-81.5 requires the Comptroller, upon request for payment by the rapid transportation authority, to verify that the Authority's invoices for capital costs of a locally preferred alternative for a mass transit project comply with HRS §46-16.8 (e). After submission of invoices by the Authority for capital costs of a locally preferred alternative for a mass transit project are verified by the Comptroller as an acceptable use of funds pursuant to a surcharge on State tax authorized pursuant to HRS §46-16.8 (e), the Comptroller shall submit a certification statement, including any appropriate supporting documents, to the State Department of Budget and Finance for allocation of funds from the Mass Transit Special Fund, if available. The certification statement shall include, at a minimum, the total amount contained in the invoices for capital costs that are verified as an appropriate use of funds pursuant to HRS §46-16.8 (e).

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Notes to Schedule of Invoices (Continued)

3. Adjustments to Reduce Amounts Reimbursed to HART

During the quarter ended March 31, 2023, the Comptroller identified seven invoices that contained amounts totaling \$107,720.65 which were deemed to be Administrative costs of HART. These costs do not comply with HRS §46-16.8 (e) and the invoices were adjusted for these items to reduce the amount reimbursed to HART - see items (A).

The Comptroller identified one invoice that contained an amount of \$1,344.12 for an error on an invoice which resulted in an overpayment by HART. The invoice was adjusted by this item to reduce the amount reimbursed to HART - see item (B).

The Comptroller identified (a) three invoices that contained amounts totaling \$144,324.30 for a change order related to the construction of a permanent road which is prohibited by HRS §46-16.8 (e), and two invoices that contained amounts totaling \$65,534.93 for a change order for which HART will be reimbursed by the State of Hawaii Department of Transportation (HDOT), and (b) one invoice that contained an amount totaling \$63,000.00 for a change order for which HART is seeking reimbursement from the City and County of Honolulu Department of Transportation Services (DTS) and one invoice that contained an amount totaling \$3,750.00 for a field change notice which we determined was not reimbursable until additional information is provided by HART. These invoices were adjusted by the amounts billed for the change orders and the field change notice to reduce the amount reimbursed to HART - see items (C).

The Comptroller identified three invoices that contained amounts totaling \$344,236.88 for deductive credits HART received from Shimmick/Traylor/Granite JV (STG) on three STG invoices. These credits are related to STG's Change Order No.8 "Precast Yard Lease 2018 - 2021 Credit." The purpose of this change order was to reimburse HART for monthly rent and semi-annual real property taxes that HART pays to Alexander & Baldwin, Inc. for the Precast Yard where STG operates its Precast Concrete Manufacturing Plant in Kapolei. The invoices were adjusted by these items to reduce the amount reimbursed to HART - see items (D).

As of March 31, 2023, the balance in the Mass Transit Special Fund totaled \$101,373,495.43. As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of April 28, 2023, totaled \$101,373,486.40.

## HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

### Notes to Schedule of Invoices (Continued)

#### 4. Fraud, Illegal Activities and/or Violations of Laws and Regulations

During February 2019, HART was served with three separate subpoenas by the United States Attorney for the District of Hawaii. As a result of such actions by Federal authorities, DAGS has determined that adjustments to reduce the amount of future reimbursements to HART will be made should prior invoices certified by the Comptroller be determined to be in error due to fraud, illegal activities or other violations of laws and regulations as a result of investigations, audits and/or judicial proceedings by any governmental body. The scope of this policy includes the findings and conclusions of investigators, auditors or other third parties contracted by such governmental bodies for the purpose of examining HART for possible fraudulent and illegal activities or other violations of laws and regulations.